

Message Text

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PAGE 01 ISLAMA 11699 01 OF 02 170629Z

13

ACTION NEA-10

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NSAE-00 RSC-01 INT-05 COME-00 TRSE-00 OMB-01 OPIC-03

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FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 8023

INFO AMEMBASSY KABUL

AMCONSUL KARACHI

AMCONSUL LAHORE

AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE SECTION 01 OF 02 ISLAMABAD 11699

E.O. 11652: N/A

TAGS: ENRG, ECRE, EAGR, PK

SUBJECT: TARBELA DAM: THE WORLD BANK VIEW

REF: ISLAMABAD 11172

1. BEGIN SUMMARY. A VISITING WORLD BANK VICE-PRESIDENT HAS GIVEN AN OPTIMISTIC APPRAISAL OF TARBELA DAM SITUATION AND BELIEVES ALL REPAIR DEADLINES CAN BE MET. BY SPRING THE TUNNELS WILL BE SUFFICIENTLY FIXED AND THE LEAKAGE AROUND THE DAM CURBED TO ALLOW THE RESERVOIR TO FILL UP. TOTAL COST OF REPAIRS INCLUDING ANTI-LEAKAGE WORK IS IN THE \$50 TO \$80 MILLION RANGE. END SUMMARY.

2. ON DECEMBER 13, WORLD BANK VICE-PRESIDENT BERNARD CHADENET BRIEFED A GROUP OF AMBASSADORS AND EMBASSY REPS ON THE TARBELA DAM SITUATION. IT WAS AN INTERESTING MEETING AND GENERALLY CONFIRMED THE LAST INFORMATION REPORTED IN REFTEL. THE SALIENT POINTS OF HIS REMARKS FOLLOW.

3. GENERAL STATE OF REPAIRS. CHADENET DESCRIBED THE OVERALL

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PAGE 02 ISLAMA 11699 01 OF 02 170629Z

SITUATION AS QUITE GOOD. IN FACT, MUCH BETTER AND MORE

HOPEFUL THAN HE HAD ASSESSED IT AT THE TIME OF HIS LAST VISIT IN OCTOBER. THE CONTRACTORSHAVE SCHEDULED SOME 90 STEPS TO BE ACCOMPLISHED BY SPECIFIC DEADLINES, WHICH IF MET WILL ALLOW THE RESERVOIR TO FILL COMPLETELY NEXT SUMMER. WHILE THE SCHEDULE ALLOWS VERY LITTLE ROOM FOR UNFORESEEN PROBLEMS, TAMS AND THE CONTRACTORS BELIEVE IT IS AS REALISTIC AS CAN BE DEVISED.

4. THE REPAIRS TO TUNNELS 3 AND 4 HAVE GIVEN NO PROBLEM AND WILL BE COMPLETED BEFORE DECEMBER 31. THE ONLY LINGERING QUESTION IS WHETHER THESE TUNNELS, WHICH HAVE BEEN BUILT TO BE USED FOR ONLY A FEW MONTHS EACH YEAR FOR IRRIGATION PURPOSES, WILL BE STRONG ENOUGH TO HANDLE THE ENTIRE FLOW OF THE INDUS FOR ABOUT SEVEN MONTHS WHILE REPAIRS TO TUNNELS 1 AND 2 ARE FINISHED THIS SUMMER. TUNNELS 3 AND 4 ARE EXPECTED TO TAKE THE INDUS FLOW BEGINNING THIS COMING FEBRUARY.

5. WORK ON TUNNEL 2, WHERE MOST OF THE DAMAGE OCCURRED, IS MOVING QUICKLY. A NEW COVERING HAS BEEN PUT AROUND THE COLLAPSED SECTION OF THE TUNNEL AND THE HILL OR ABUTMENT ABOVE IT WHICH EXPERIENCED A WASHOUT OF 500,000 TONS OF EARTH HAS BEEN REGRADED AND STRENGTHENED WITH MASSIVE INPUTS OF CONCRETE.

6. THE CONDITION OF TUNNEL 1 IS STILL UNKNOWN. ALL THE INDUS FLOW IS NOW GOING THROUGH THAT TUNNEL, AND IT WILL NOT BE CLOSED FOR INSPECTION UNTIL FEBRUARY WHEN THE INDUS WILL BE DIVERTED INTO TUNNELS 3 AND 4. TUNNEL 1 COULD BE IN PERFECT SHAPE, OR AT WORST SOME CAVITATION IN THE FLOOR MAY HAVE OCCURRED.

7. ON LEAKAGE, WORK IS BEING DONE ON THE BED OF THE RESERVOIR AND ON THE HILLS ABUTTING THE DAM TO TRY TO REDUCE IT. THE "IMPERVIOUS BLANKET" WHICH WAS FIVE FEET THICK AND EXTENDS UPSTREAM FROM THE DAM FOR ONE AND A HALF MILES WAS FOUND TO HAVE DEVELOPED MORE THAN 20 SHALLOW SINK HOLES AND A MAJOR CRACK, WHICH EXPLAIN MUCH OF THE LEAKAGE UNDER THE DAM. UNDER PRESENT PLANS, THE BLANKET WILL BE RAISED TO 15 FEET AND FURTHER WORK WILL BE DONE TO STOP LEAKAGE THROUGH THE HILLSIDE ABUTMENTS.

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PAGE 03 ISLAMA 11699 01 OF 02 170629Z

8. FINANCING. THE TOTAL COST OF REPAIRS AND RECOMMENDED ADDITIONAL WORK IS STILL NOT PRECISE ALTHOUGH SOME ESTIMATES WERE GIVEN. CHADENET PRESENTED TWO SETS OF FIGURES PREPARED RESPECTIVELY BY TAMS AND THE WORLD BANK CONSULTANT FIRM SIR ALEXANDER GIBB:

	TAMS	GIBB
REPAIRS	\$32 MIL.	\$37-45 MIL.

ADDITIONAL LEAKAGE PREVENTION WOK \$18 MIL. \$28-35 MIL.
TOTALS \$50 MIL. \$65-80 MIL.

ASSUMING THE HIGHEST GIBB FIGURE, TOTAL REPARIS AND ADDITIONAL
WORK WILL COST \$80 MILLION, OF WHICH NEW FOREIGN
EXCHANGE FINANCING WILL HAVE TO BE FOUND FOR ABOUT \$50 MILLION.
HE ARRIVED AT THIS ESTIMATE BY CALCULATING THAT, OF THE \$80
MILLION TOTAL, SOME \$60 MILLION WOULD BE IN FOREIGN EXCHANGE
(AND \$20 MILLION IN RUPEES). SINCE THERE IS SOME \$10 MILLION
IN FOREIGN EXCHANGE LEFT IN THE INDUS FUND, THIS COULD BE
USED AGAINST THE \$60 MILLION, THUS LEAVING \$50 MILLION IN
ADDITIONAL FINANCING TO BE FOUND.

9. THERE IS SOME IMPRECISION IN THESE ESTIMATES BECAUSE:
(A) NOBODY KNOWS THE EXTENT, IF ANY, OF DAMAGE TO TUNNEL 1.
(B) NOBODY YET KNOWS HOW MUCH, IF ANY, THE BRITISH INSURERS
OF THE DAM WILL PAY AGAINST THE CLAIMS WHICH HAVE BEEN PRESENTED
TO THEM. WAPDA HAS RETAINED THE SERVICES OF A PRESTIGIOUS FIRM
OF LONDON BARRISTERS TO PRESS FOR AN EARLY INSURANCE SETTLEMENT.
THE MAXIMUM THE INSURERS ARE LIABLE TO IS \$100 MILLION. WHETHER
OR NOT THE INSURERS DO PAY, THEY HAVE INDICATED THAT THEY

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PAGE 01 ISLAMA 11699 02 OF 02 170655Z

13
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LIMITED OFFICIAL USE SECTION 02 OF 02 ISLAMABAD 11699

PLAN TO RAISE THE PREMIUM FOR ANY COVERAGE IN THE FUTURE.
THE SIZE OF THE ADDITIONAL PREMIUM IS NOT YET KNOWN AND

WAPDA HAS NOT DECIDED WHETHER TO MEET IT OR TAKE THE ALTERNATIVE STEP OF SELF-INSURING. (C) NOBODY KNOWS THE EXTENT OF FUTURE REPAIRS TO TUNNELS 3 AND 4, IF NEEDED, FOLLOWING THE UNUSUALLY HEAVY USE TO BE PUT TO THOSE TUNNELS THIS COMING YEAR. (D) THERE IS UNCERTAINTY ABOUT THE AMOUNT TO BE PAID FROM THE INDUS FUND ON A DISPUTED SETTLEMENT CLAIM MADE BY A FRENCH FIRM FOR THE CONSTRUCTION OF THE CHASHMA DAM, SOME MILES DOWNSTREAM. THIS DISPUTE WENT TO INTERNATIONAL ARBITRATION WITH THE ARBITRATORS GIVING THE CONTRACTORS AN EXTRAORDINARILY HIGH REWARD. THE AMOUNT OF THE SETTLEMENT WILL AFFECT THE AVAILABILITY OF INDUS FUND MONIES FOR TARBELA DAM.

10. PLAN TO APPROACH GOVERNMENTS FOR ADDITIONAL FINANCING. CHADENET REPORTED THAT THERE IS ENOUGH MONEY IN THE TARBELA FUND TO FINANCE WORK UP TO JULY OR AUGUST NEXT YEAR. TO SECURE THE ESTIMATED \$50 MILLION ADDITIONAL FOREIGN EXCHANGE LIMITED OFFICIAL USE

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PAGE 02 ISLAMA 11699 02 OF 02 170655Z

POSSIBLY NEEDED, THE IBRD WILL BE ISSUING A REPORT ON THE TARBELA DAM SITUATION IN TWO OR THREE WEEKS TO INVOLVED GOVERNMENTS. THIS WILL BE FOLLOWED BY EITHER (A) A WORLD BANK VISIT TO EACH OF THE TARBELA DONORS TO DISCUSS ADDITIONAL CONTRIBUTIONS, OR (B) THE WORLD BANK CALLING FOR A MEETING IN PARIS IN MARCH TO DECIDE ON ADDITIONAL REQUIREMENTS AND APPORTIONMENTS. (WHEN THE UK REPRESENTATIVE AT THE MEETING ASKED IF THE BANK PROPOSED ASKING ANY OF THE OIL-RICH MIDDLE EASTERN COUNTRIES FOR HELP, CHADENET REPLIED THAT THE BANK WOULD TURN TO OTHER POSSIBLE DONORS ONLY IF THE ORIGINAL GROUP COULD NOT HELP ON THE FULL AMOUNT.)

11. CHADENET THOUGHT THAT CONSIDERING THE \$1 BILLION TOTAL COST OF THE DAM, THE \$50 MILLION POSSIBLY NEEDED IN ADDITIONAL EXPENDITURE WAS SMALL. HE STRESSED THAT TARBELA IS THE BIGGEST EARTH-FILLED DAM EVER BUILT, AND THAT FEW MAJOR DAMS HAVE BEEN CONSTRUCTED ANYWHERE WITHOUT ADDITIONAL WORK ON THEM BEING NECESSARY.

12. CAUSES OF DAMAGE STILL UNCLEAR. WHEN CHADENET WAS ASKED WHETHER THE IBRD REPORT WOULD DISCUSS THE SENSITIVE QUESTION OF WHY THE DAMAGE OCCURRED, CHADENET REPLIED IN THE NEGATIVE. HE SAID THAT THAT WAS A MATTER FOR THE PARTIES TO THE INSURANCE CONTRACT TO DISCUSS, AND MOREOVER THE BANK ITSELF DID NOT AT THIS TIME HAVE A COMPLETE ANSWER.
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